

Long-Term Services and Supports HCBS Rate Methodology

**South Dakota Department of Human Services Division
of Long-Term Services and Supports (LTSS)**

8/2/2023

Agenda

- Survey Submission Update
- Scope of Project
- Initial Wage Analysis
 - Inflation
 - Cost Reports
 - Bureau of Labor Statistics Wages
- Peer State Comparison
- Upcoming Advisory Workgroups
- Questions and Answers

Survey Submission Update

Scope of Project

Long-Term Services and Supports (LTSS) Services

Purpose of Rate Study

- Update rates to account for changes in costs and wages for the staff that provides these services
- Understand occupancy patterns and billable time
- Explore recommendations for competitive benefit assumptions
- Understand potential funding source nuances
- Key Deliverables:
 - Rate Models
 - Fiscal Impact
 - Final Report

Scope of Services

Assisted Living

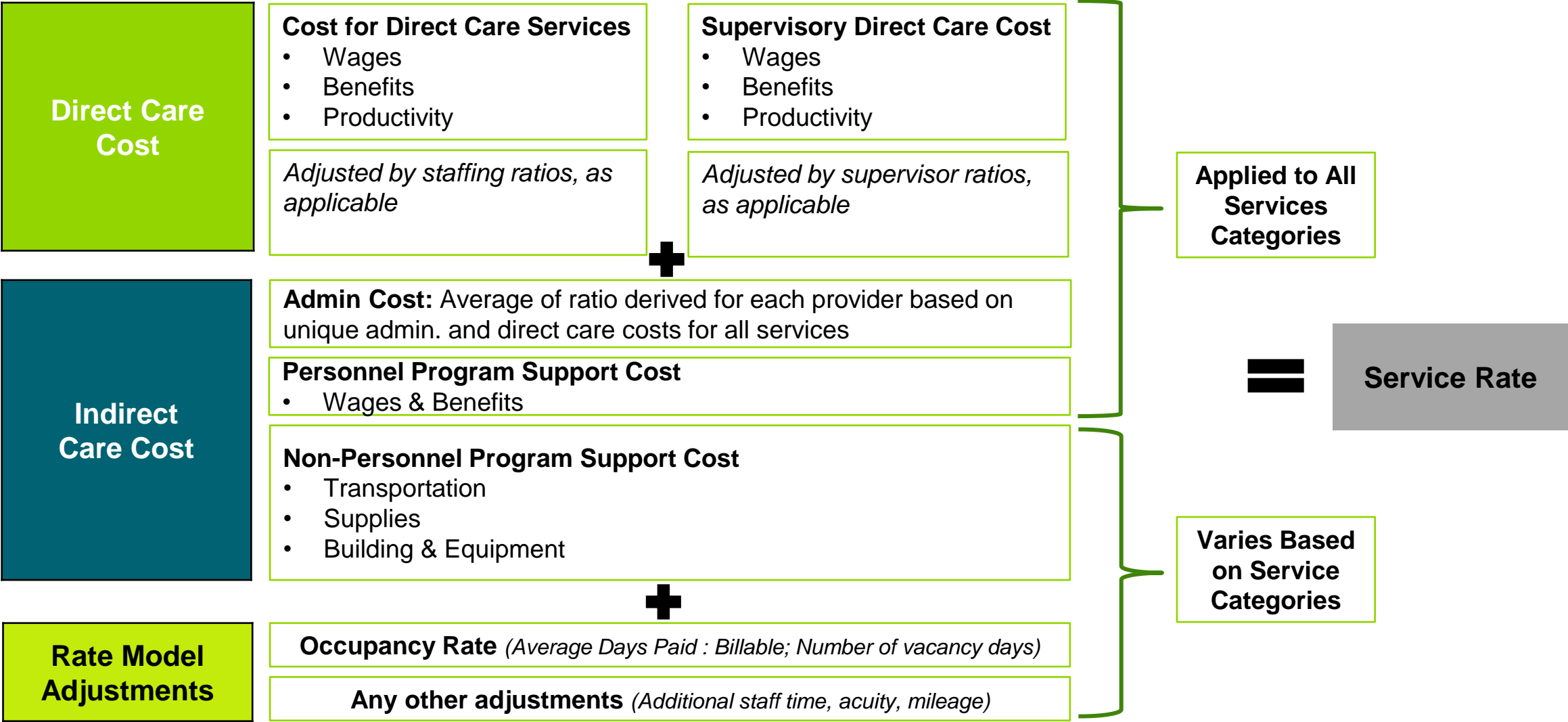
Community Living Homes

Structured Family Caregiving

Adult Day Services

Nutrition/Meals

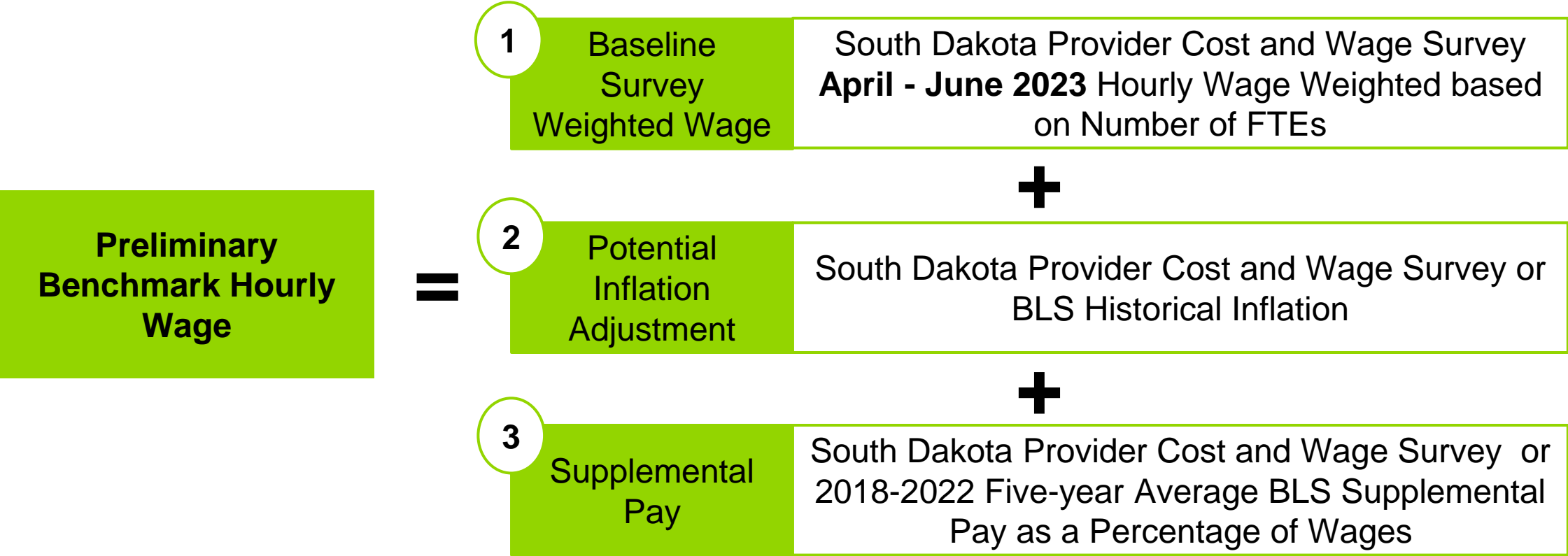
Independent Rate Model Build Up Approach



Wage Analysis

Wage Adjustment Factors

Benchmark wages are calculated by FTE weighting the survey reported average wages for each job type. This value can then be adjusted by an additional inflation factor and includes supplemental pay.



Cost Trending: BLS Producer Price Index (PPI)

The Bureau of Labor Statistics Producer Price Indices (PPI) for Medicaid populations including residential and developmental disability homes and home health care services is suitable for estimating annual inflationary increases in provider costs.

| PPI Industry Category | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023* |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Home health care services- Medicaid | 113.1 | 113.9 | 115.5 | 116.3 | 117.5 | 122.9 | 125.4 | 129.0 | 130.2 | 134.2 | 141.8 |
| | | 0.7% | 1.4% | 0.6% | 1.1% | 4.6% | 2.0% | 2.8% | 1.0% | 3.0% | 5.7% |
| Nursing care facilities - Medicare and Medicaid patients | 190.1 | 191.7 | 196.1 | 200.0 | 204.8 | 211.2 | 217.9 | 227.6 | 235.3 | 243.0 | 254.5 |
| | | 0.8% | 2.3% | 2.0% | 2.4% | 3.2% | 3.2% | 4.4% | 3.4% | 3.3% | 4.7% |
| Residential developmental disability homes | 147.7 | 154.0 | 159.6 | 166.1 | 172.5 | 177.6 | 181.6 | 189.0 | 196.6 | 207.4 | 220.2 |
| | | 4.3% | 3.6% | 4.1% | 3.8% | 3.0% | 2.2% | 4.0% | 4.0% | 5.5% | 6.2% |

*2023 is preliminary and partial months

Cost Trending- BLS Current Employment Statistics

The Bureau of Labor Statistics National Current Employment Statistics (CES) data produces earnings of workers within specific industries.

| CES Category | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023* |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Assisted living facilities for the elderly | \$ 13.85 | \$ 14.10 | \$ 14.57 | \$ 15.14 | \$ 15.70 | \$ 16.27 | \$ 17.12 | \$ 18.25 | \$ 19.43 | \$ 20.93 | \$ 21.35 |
| | | 1.8% | 3.3% | 3.9% | 3.7% | 3.6% | 5.3% | 6.6% | 6.5% | 7.7% | 2.0% |
| Other residential care facilities | \$ 16.37 | \$ 17.12 | \$ 17.51 | \$ 17.53 | \$ 17.87 | \$ 18.75 | \$ 19.30 | \$ 20.64 | \$ 21.71 | \$ 23.43 | \$ 24.24 |
| | | 4.6% | 2.3% | 0.1% | 2.0% | 4.9% | 2.9% | 6.9% | 5.2% | 7.9% | 3.5% |
| Services for the elderly and persons with disabilities | \$ 13.89 | \$ 13.87 | \$ 14.03 | \$ 14.52 | \$ 14.91 | \$ 15.30 | \$ 15.82 | \$ 16.63 | \$ 17.47 | \$ 18.81 | \$ 19.74 |
| | | -0.2% | 1.2% | 3.5% | 2.7% | 2.6% | 3.4% | 5.1% | 5.1% | 7.7% | 4.9% |
| Continuing care retirement communities and assisted living facilities for the elderly | \$ 15.12 | \$ 15.39 | \$ 15.79 | \$ 16.24 | \$ 16.74 | \$ 17.33 | \$ 17.90 | \$ 18.83 | \$ 19.97 | \$ 21.73 | \$ 22.39 |
| | | 1.8% | 2.6% | 2.8% | 3.1% | 3.5% | 3.3% | 5.2% | 6.0% | 8.8% | 3.0% |

*2023 is preliminary and partial months

Cost Trending- BLS Current Employment Statistics

May point in time percentage change

| | May | | |
|---|---------|------------------|-----------------|
| CES Category | 2021 | 2022 | 2023* |
| Assisted living facilities for the elderly | \$18.91 | \$20.81 10.0% | \$21.46 3.1% |
| Continuing care retirement communities and assisted living facilities for the elderly | \$19.44 | \$21.53 10.8% | \$22.54 4.7% |
| Services for the elderly and persons with disabilities | \$17.21 | \$18.49 7.4% | \$19.69 6.5% |
| Other residential care facilities | \$21.44 | \$22.94 7.0% | \$24.19 5.4% |



*May 2023 preliminary wage

BLS and Provider Reported Wage Comparison

The table below highlights the comparison of baseline wages reported in Cost Reports and Bureau of Labor Statistics OEWS data

| FY2022 Cost Reports (Inflated by CES 3.1%) | | | May 2022 BLS Baseline Hourly Wages (Inflated by CES 3.1%) | | | |
|--|------------------------------|--|--|-----------------------------|--------------------------------------|------------|
| Job Type (Staff) | FTE Weighted Wage (May 2022) | Inflated Hourly FTE Weighted Wage (May 2023) | Occupation (SOC code) | Hourly Mean Wage (May 2022) | Inflated Hourly Mean Wage (May 2023) | Difference |
| Registered Nurse (RN) | \$33.43 | \$34.46 | Registered Nurses (291141) | \$31.01 | \$31.97 | 7.8% |
| Licensed Practical Nurse (LPN) | \$26.12 | \$26.93 | Licensed Practical and Licensed Vocational Nurses (292061) | \$22.12 | \$22.81 | 18.1% |
| Aides | \$17.99 | \$18.55 | Home Health and Personal Care Aides (311120) | \$15.20 | \$15.67 | 18.4% |
| Housekeeping | \$13.63 | \$14.05 | Maid and Housekeeping Cleaners (372012) | \$13.32 | \$13.73 | 2.3% |
| Administrator / Manager | \$32.50 | \$33.51 | Administrative Services Managers (113012) | \$44.88 | \$46.27 | -27.6% |

BLS Wage Comparison

Additional staff types that could be relevant to rate study services

| Provider Cost and Wage Survey | May 2022 BLS Baseline Hourly Wages (Inflated by CES 3.1%) | | |
|--|--|-----------------------------|--------------------------------------|
| Job Type (Staff) | Occupation (SOC code) | Hourly Mean Wage (May 2022) | Inflated Hourly Mean Wage (May 2023) |
| Certified Nurse's Assistant (CNA) | Nursing Assistants (311131) | \$15.54 | \$16.02 |
| Certified Peer Support Specialist | Healthcare Support Workers, All Other (319099) | \$18.45 | \$19.02 |
| Licensed Clinical Social Worker (LCSW) | Healthcare Social Workers (211022) | \$23.54 | \$24.27 |
| Occupational Therapist | Occupational Therapists (291122) | \$36.97 | \$38.12 |
| Physical Therapist | Physical Therapists (291123) | \$42.31 | \$43.62 |
| Cook | Cooks, Institution and Cafeteria (352012) | \$15.50 | \$15.98 |
| Certified Medication Assistant (CMA) | Medical Assistants(319092) | \$17.12 | \$17.65 |
| Activities Director | First-Line Supervisors of Entertainment and Recreation Workers, Except Gambling Services(391014) | \$19.66 | \$20.27 |

Peer State Comparisons

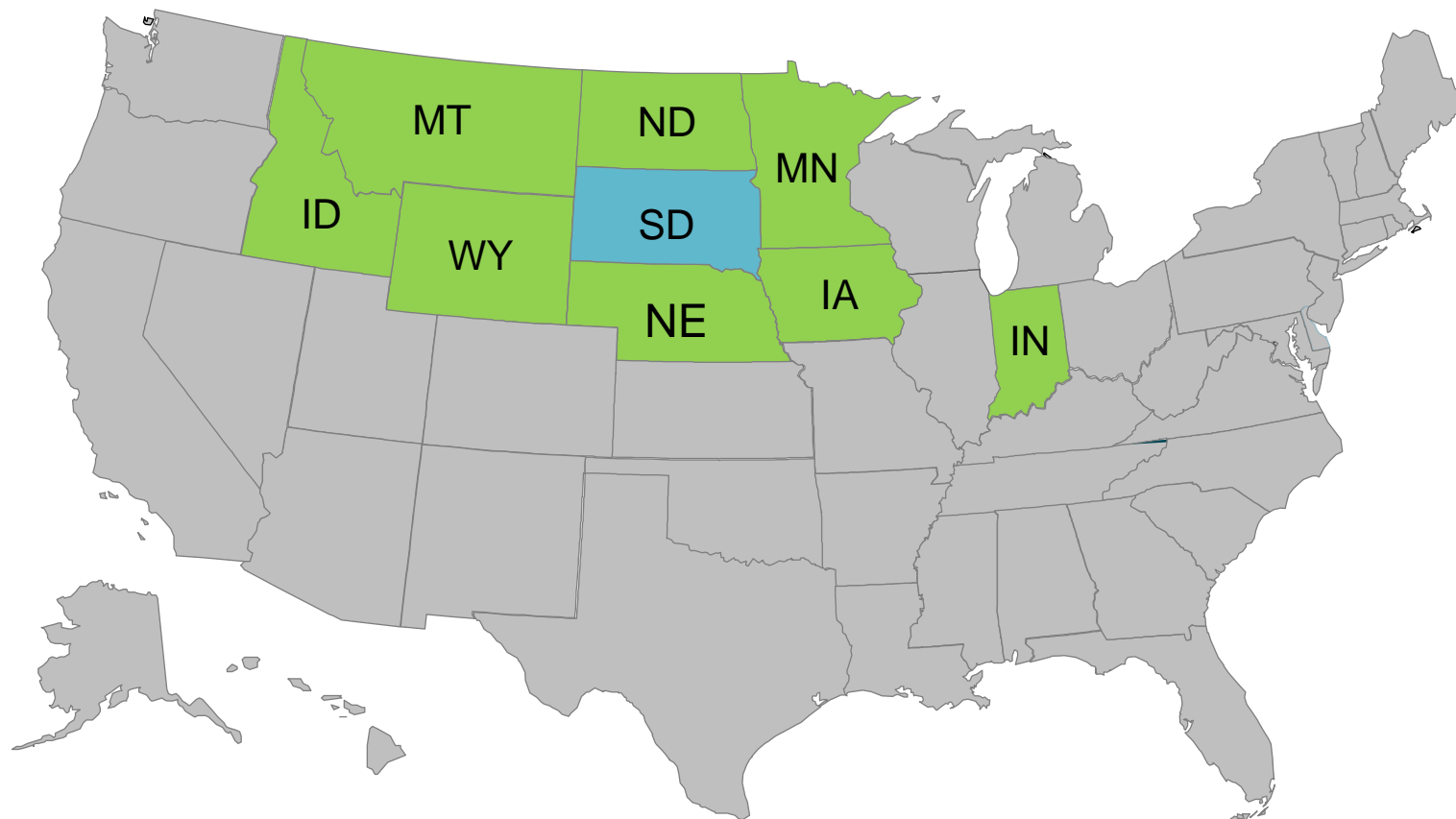
Acuity Adjustment

Assisted Living, Community Living Homes and Structured Family Caregiving

- At least **124** functional assessment tools currently in use across the country for the full LTSS array of populations
- There are roughly **25** states that have adopted the **InterRAI-HC** assessment tool in some capacity. InterRAI is considered the general “gold standard” within this space since it is the dominant tool across states.
- However, there is flexibility around how states are utilizing this tool and it is not always leveraged to adjust reimbursement.
- An assessment tool that captures the activities of daily living, cognition, behavioral challenges, medical issues, living arrangement and informal supports is critical.
- Important to have methodology that is explainable and transparent between tiers of reimbursement
- Currently, Guidehouse is in the process of fact finding and evaluating peer states to understand how and if acuity adjusters are applied.

Peer States

Guidehouse collaborated with the DHS to determine states that have commonalities with South Dakota to analyze services and their corresponding rates.



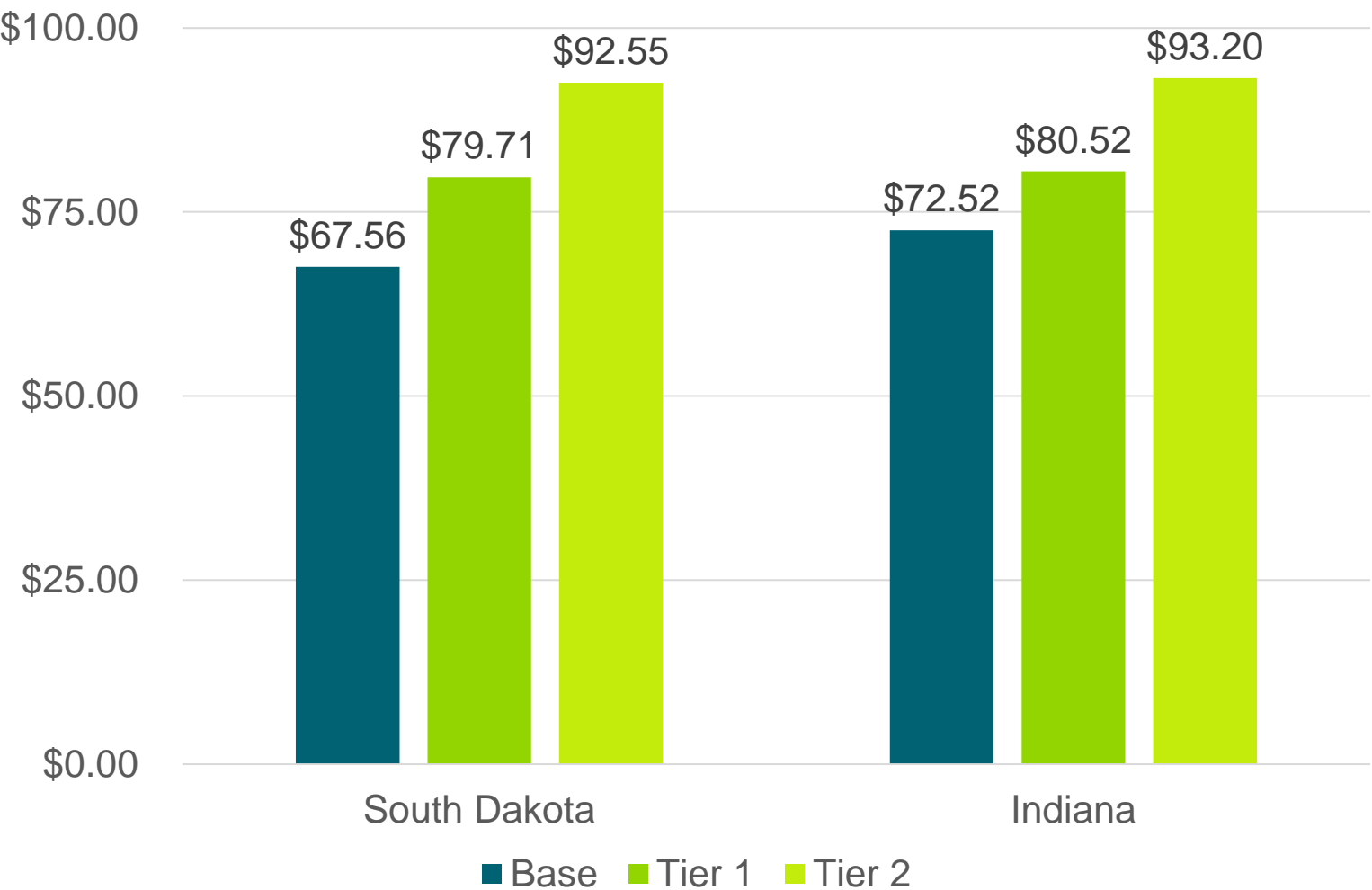
Key Themes

When assessing the service delivery systems in peer states, there are a few preliminary themes of note:

- Peer states largely utilize 1-3 tier(s) of rates for assisted living except for Nebraska (4 tiers) who have a different structure for rural and urban rates.
- Adult Day service tier(s)/level(s) structure across most peer states have a standard adult day service rate except for some states who have separate social and health model rates and specialized rates for more intensive services
- The structure of community living home programs varies greatly from state to state, with some managing the homes directly, others combining community living home services with similar programs in larger facilities, and some not having a fully developed comparable program.
- Current research is still ongoing for Guidehouse to better understand individual state dynamics as it relates to structured family caregivers. Some states indicate that family caregivers need to be specifically certified.
- Primarily peer state meal rates are structured as a single statewide rate per meal, Wyoming however has two separate statewide rates for hot and frozen meals

Assisted Living

Indiana



Tier Structure:

- Base
- Tier 1 - Enhanced care
- Tier 2 - Intensive care

Included:

- 24-hour on-site staff
- Medication oversight
- Non-emergency and non-medical transportation
- Therapeutic social and recreational programming

Not Included:

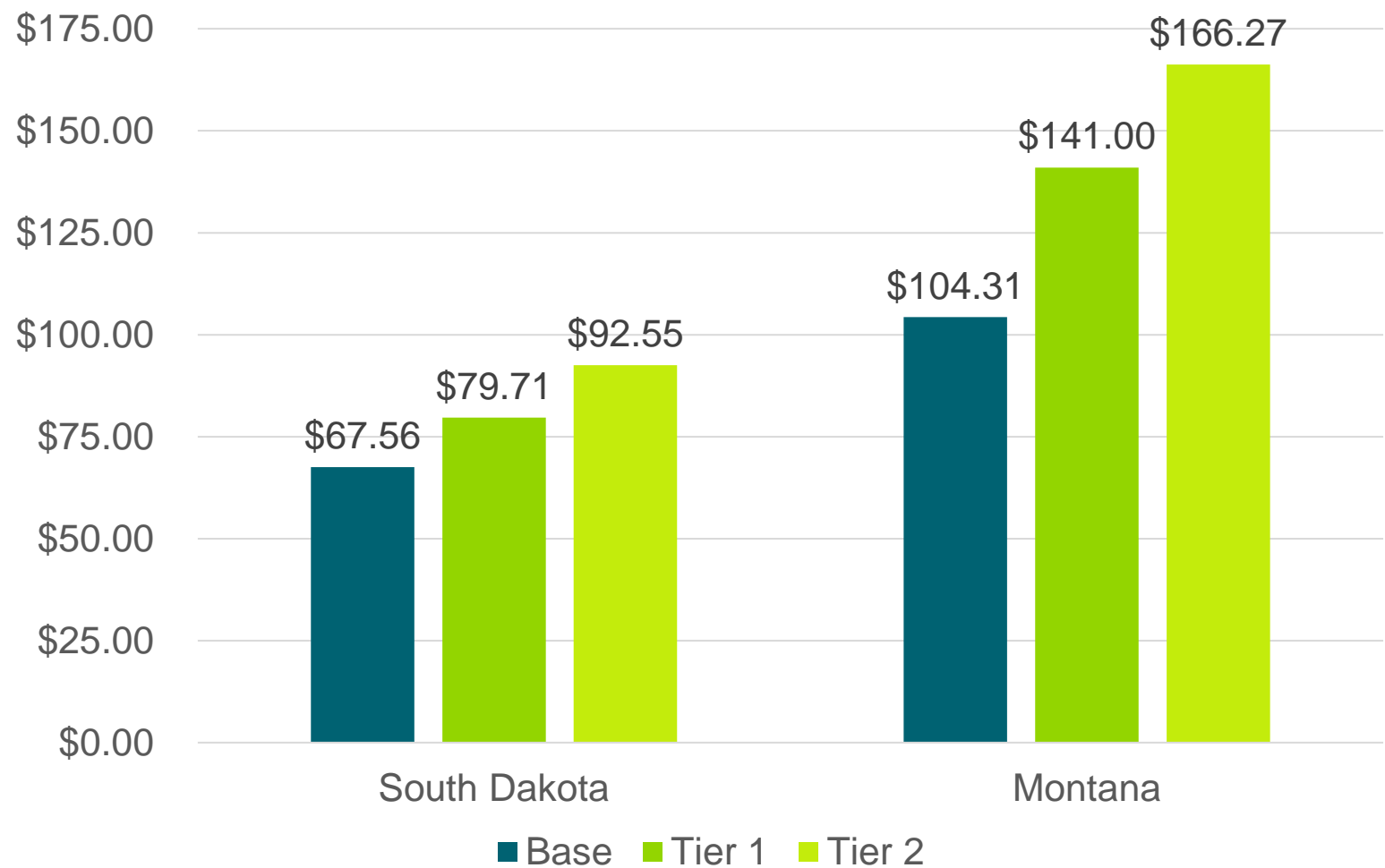
- Personal care for medically unstable or complex participants as a substitute for care provided by a RN

Methodology:

- InterRAI RUGs III-HC
- Score thresholds into tiers
- LOC Assessment as factor

Assisted Living

Montana



Tiers:

- Base – Assisted Living Facilities and Adult Foster Homes
- Tier 1 – Behavior Management Assisted Living
- Tier 2 – Specialized Assisted Living (TBI)

Included:

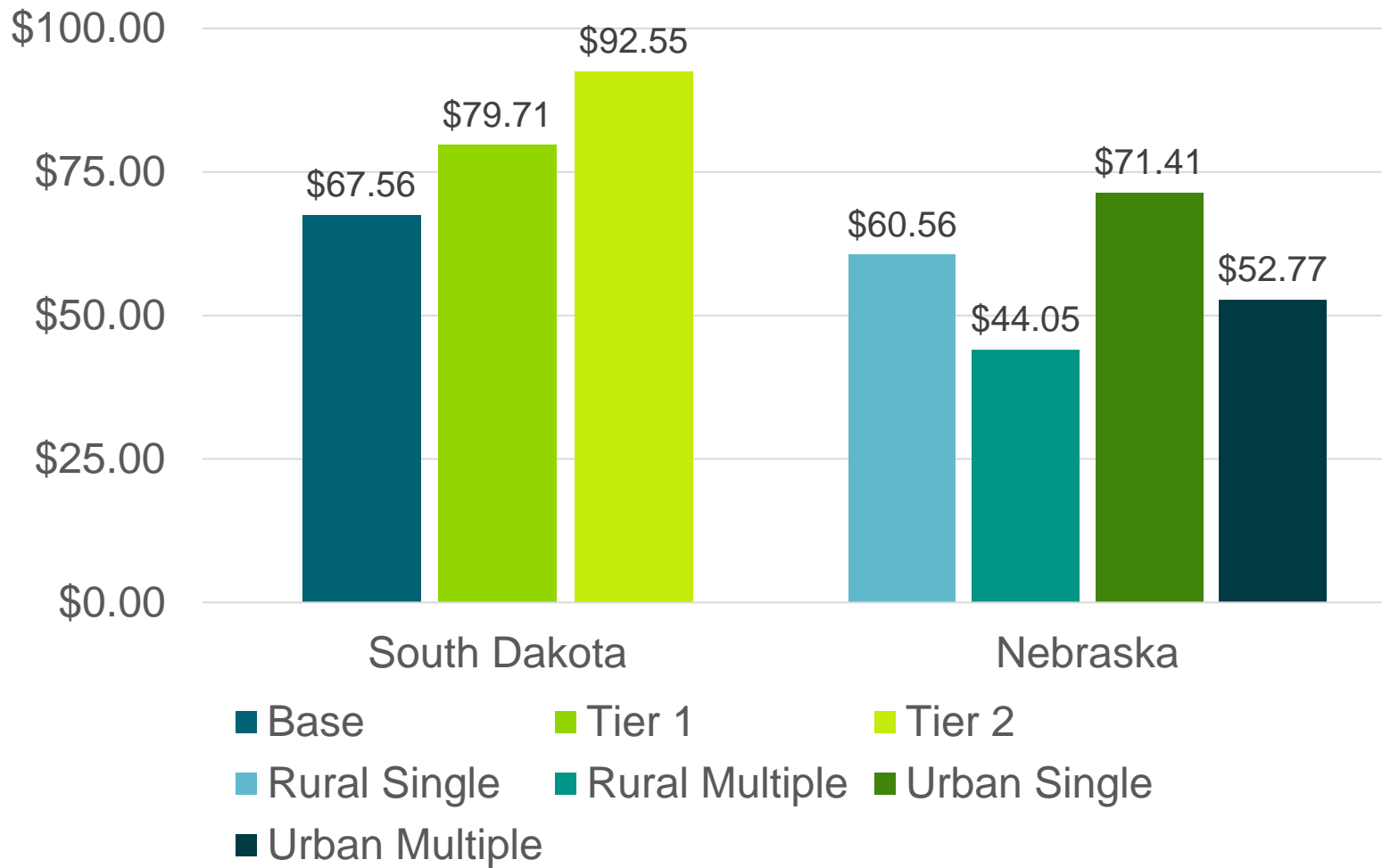
- Personal care
- Homemaker services
- Medication oversight
- 24-hour onsite response staff
- Services targeted for members with a developmental disability
- Members are not precluded from attending DD waiver-funded work/day or supported employment options

Methodology:

- Population Specific

Assisted Living

Nebraska



Tiers:

- Separate Rural and Urban rates
- Single vs Multiple occupancy

Included:

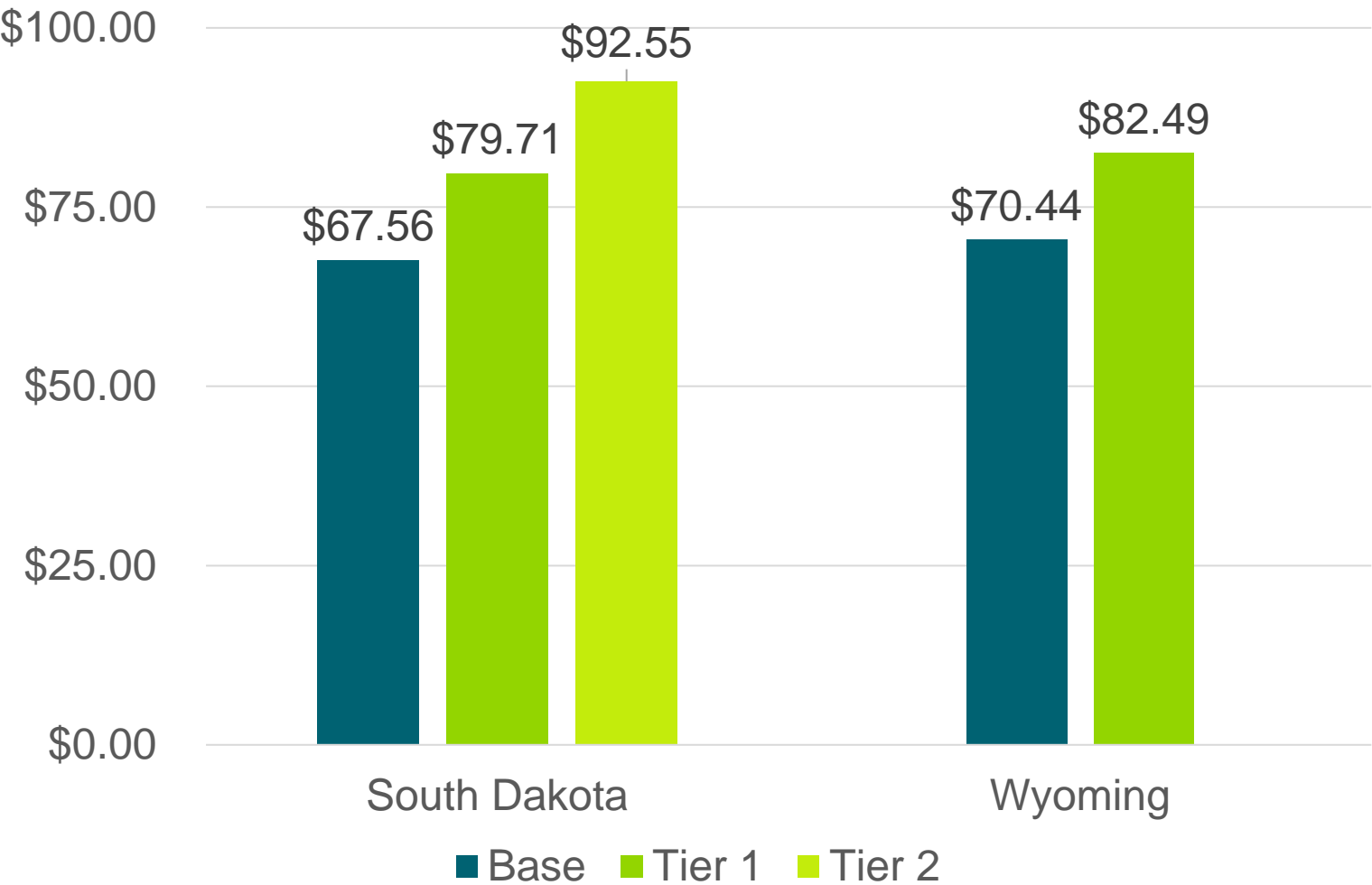
- Shelter, food, other services such as personal care activities, and activities of daily living (ADL)
- Instrumental ADL and health maintenance
- Socialization activities
- Essential shopping
- Health maintenance activities
- Housekeeping activities
- Laundry services
- Medication assistance
- Personal care services
- Transportation services

Methodology:

- Unspecified

Assisted Living

Wyoming



Tiers:

- Base – Standard Assisted Living
- Tier 1 – Memory Care Unit

Included:

- Personal care
- Supportive services
- 24-hour on-site response capability to meet scheduled or unpredictable resident needs and to provide supervision, safety and security
- Social and recreational activities
- Medication assistance

Not Included:

- Items of comfort or convenience
- Transportation
- Nursing and skilled therapy services are incidental rather than integral

Methodology:

- Population specific

Assisted Living

Iowa

Tiers:

- No

Included:

- Service includes unanticipated and unscheduled personal care and supportive services
- Homelike, Non-institutional setting
- 24-hour on-site response capability
- Not reimbursable if performed at the same time as any service in a CDAC agreement

Methodology:

- Rates are set and agreed upon by the member and provider based on the member's level of need and the provider's skill level. Rates cannot exceed the maximum daily rate specified regardless of if self-set rate or default
- **Maximum Daily Rate: \$133.70**

Assisted Living

Minnesota

Tiers:

- **Yes, non-traditional**
- Tiers are set to **13 case mix groups** that each are allotted a maximum total rate for a patient
- Tiers do not determine the reimbursement rate for an individual service item

Included:

- Services are determined via a **personalized assessment** and service plan
- Rates are set via determining the services to be delivered, their intended quantities, and adding their rates to arrive at a piece-wise determined total rate

Methodology:

- **Daily rate maximums** are set based on a facility's case mix
- Individual service selections can be determined with the **MN Residential Services Tool**

Assisted Living

Peer State Overview

| | South Dakota | Idaho | Indiana | Iowa | Minnesota | Montana | Nebraska | Wyoming |
|--------------------------------------|--|-------------------------------|---|---|--|---|---|--------------------------------------|
| Tier Categorization | Yes | No | Yes | No | Yes | Yes | Yes | No |
| Number of Tiers | 3 | N/A | 3 | N/A | 13 | 3 | 4 | N/A |
| Tier Details | RUGs | N/A | RUGs & LOC | N/A | Facility Case Mix | Population | Geographic & Occupancy | Population |
| Acuity Methodology/ Assessment Tools | InterRAI RUGs III- HC | Uniform Assessment Instrument | InterRAI, & State specific LOC Assessment | N/A | Case Mix & Residential Services Tool | Assisted Living Resident Needs Assessment | N/A | N/A |
| Population Specific | Elders and Adults with a Qualifying Disability | Aged & Disabled | Aged & Disabled; TBI | Agency: Non-Elderly Waiver & Elderly Waiver | Elderly, Brain Injury, or Disability Waivers | Big Sky Waiver (Elderly and/or Disabled) | Elderly, Adults/ Children with Disabilities | Seniors and Adults with Disabilities |

Community Living Homes

Idaho – Certified Family Homes

Service:

- Certified Family Homes are facilities certified for between 1 and 4 adult residents
- CFH certification is required for any paid caregiver to provide services to an adult residing in their home
- Provides safe and effective care to residents in a home-like, family-style atmosphere, emphasizing protecting resident’s right and encouraging community involvement

Methodology:

- Reimbursement is based on the individual services provided to an enrollee, with service plans created prior to delivery of service
- “Adult Residential Care” is reimbursed at a per diem rate set and authorized for each participant based on the ADLs required and determined by CFH caregivers.

| Service | Unit | Rate |
|------------------------------|------------|----------------------------|
| Adult Day Health | 15 Minutes | \$1.95 |
| Respite - CFH | 15 Minutes | \$2.64 |
| Personal Care Services - CFH | 15 Minutes | \$5.12 |
| Adult Residential Care | 1 Day | Authorized per Participant |

Community Living Homes

Indiana – Adult Family Care

Service:

- 3 Tier Structure
- Population: TBI and Aging & Disabled Waiver
- Participants reside with an unrelated caregiver and up to 3 other participants in a home-like environment
- Included in the per diem AFC reimbursement:
 - Attendant care related to ADLs, medication oversight, Home and community assistance care related to IADLs

Methodology:

- Tiers are determined via dual InterRAI and state specific LOC assessments
- Payment for additional waiver services can be provided where applicable

| Service | Unit | Rate |
|---------------------------|-------|---------|
| Level 1 Adult Family Care | 1 Day | \$60.23 |
| Level 2 Adult Family Care | 1 Day | \$69.50 |
| Level 3 Adult Family Care | 1 Day | \$82.14 |

Community Living Homes

Minnesota – Adult Foster Care

Service:

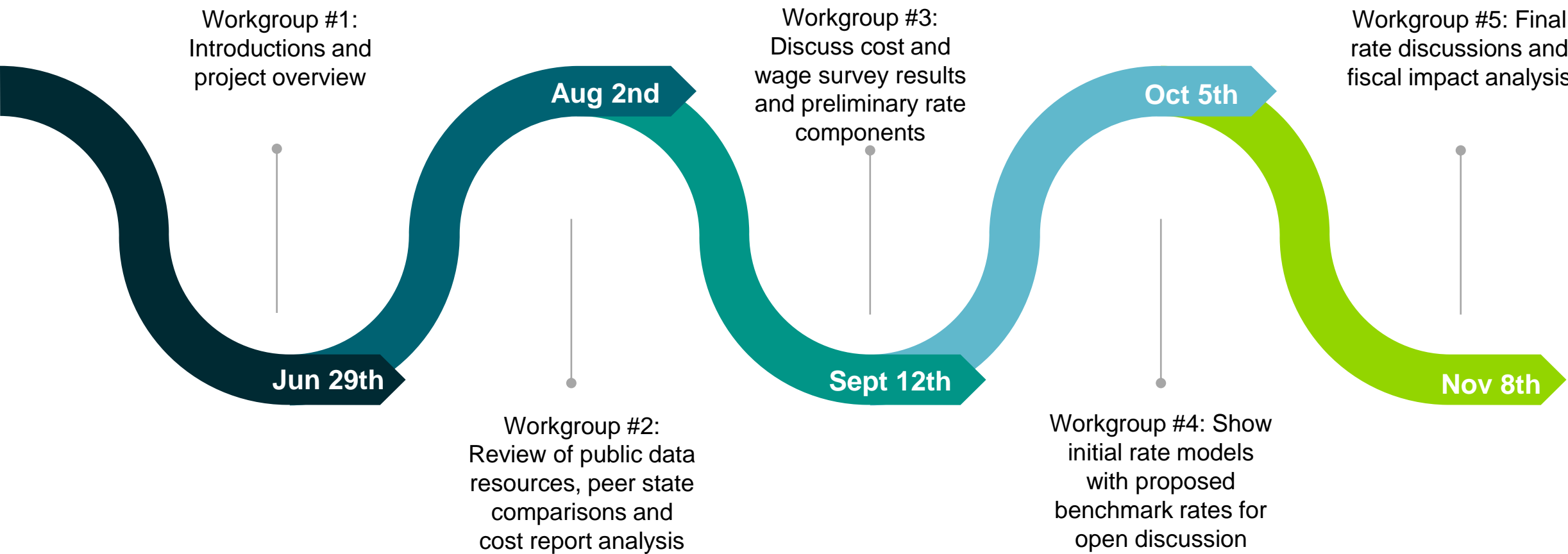
- Service includes assistance with and training in household chores and living skills like ADL assistance, companionship, and medication oversight
- Participant resides in a family foster care setting (license holder resides in the home) or a community residential setting (license holder does not reside in the home)
- Homes are permitted to house up to **5 participants**
- Only available to individuals enrolled in the **Elderly Waiver**

Methodology:

- **Online tool** calculates participant per diem by evaluating service plan needs (MN's Elderly Waiver Residential Services Rate Tool)
- Tool allows the participant to enter services needed and in what quantity.

Advisory Workgroup Timeline and Next Steps

Advisory Workgroup Timeline



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Thank You

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